

| <p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 12, CHAPTER 3 “CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section or paragraph with the substantive change or revision</p> | | |
|---|--|----------------------|
| PARA | EXPLANATION OF CHANGE/REVISION | PURPOSE |
| All | Clarify and simplify language throughout. | Clarification |
| All | HQ/AE changed to DFAS-DAT throughout. | Update |
| 0304 | Provides guidance on accounting for contributions | Update |
| | | |

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★CHAPTER 3★

CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES0301 INTRODUCTION

030101. Purpose. This Chapter prescribes the overall policy and assigns responsibilities for the acceptance, receipt, use, and reporting of money, real or personal property, or services to the Department of Defense (DoD) under Title 10, United States Code, section 2608.

030102. Defense Cooperation Account. A special account is established in the Treasury of the United States for receipt of monetary contributions and proceeds from the sale of real or personal property contributions accepted by the Secretary of Defense, or designee under Title 10, United States Code, section 2608.

0302 AUTHORITY

030201. Secretary of Defense. Title 10, United States Code, section 2608 provides authority for the Secretary of Defense (SECDEF) to accept, for use by the Department, from any business (or person), foreign government, or international organization, any contribution of money or real or personal property and may accept from any foreign government or international organization any contribution of services.

030202. Under Secretary of Defense (Comptroller) (USD(C)). Authority to accept such contributions has been delegated to the USD(C), who also serves as the single point of contact in the Department for the Departments of State and the Treasury with respect to all matters involving the receipt, administration and distribution of contributions of funds from foreign countries for defense programs.

030203. Military Departments and Defense Agencies. The Secretaries of the Military Departments and the Directors of the Defense Agencies, have authority to accept from any business (person), or international organization, any contribution of real or personal property.

030204. Washington Headquarters Services. The Director of the Washington Headquarter Services, given its responsibility for the management of property and physical assets at the Pentagon and to maintain consistency in property accountability, has authority to accept contributions of personal property offered to the Office of the Secretary of Defense for use at the Pentagon.

030205. Delegation of Authority. The USD(C) may provide additional delegations of authority to accept contributions of real and personal property or services on a case by case basis.

0303 POLICY ON CONTRIBUTIONS

030301. Nonmonetary Contributions. These are contributions in the form of real property (fixed assets such as land, buildings, other structures, and facilities), tangible property (inventory or items held for sale, operating materials, supplies, and equipment) or services that would benefit the DoD if accepted. Once the DoD accepts these contributions, the intent of the accounting standards (Statements of Federal Financial Accounting Standards (SFFAS)) is that the benefiting DoD organization should recognize the contribution in its financial statements. See Volume 4, chapters 4 and 6, and Volume 6B, of this Regulation, for accounting and reporting guidance.

A. The receiving DoD organization recognizes a change in inventory, stock, or plant, property, and equipment (PP&E) related records once transfer of the goods or services is made thus making DoD the legal owner of said goods or services. An organization receiving donated general PP&E determines its fair value at the time it was acquired by the government. Donations of assets or services must be reported quarterly to the Defense Finance and Accounting Service (DFAS) (see paragraph 030501). The DFAS Investment Trust Directorate (DFAS-ADGT/DE) forwards reports to DFAS centralized sites to make journal voucher entries.

B. The receiving organization must document and retain on file the details of each nonmonetary contribution received. For audit purposes, the supporting documentation must be retained for the life of the asset, but no less than 6 years and 3 months. Each file must include:

1. A description of the contribution.
2. The estimated value of the contribution, including the valuation method used (see subparagraph 030301.C, below).
3. The name and address of the donor(s).
4. A list of restrictions, conditions, or other information set out by the donor.
5. The acquisition date.
6. The useful expected life of the donation.
7. A statement explaining the benefits of accepting the donation. You must explain why accepting the donation is preferred to obtaining the item or service through existing DoD supply channels.
8. A unique identifier or data element used to track the same or similar items shipped from different sources.

9. The Service and appropriation that benefit from this contribution. Identify the appropriation that normally furnishes this asset.

C. If requested, the DFAS-ADGT/DE will assist in establishing the value of nonmonetary items accepted.

030302. Monetary Contributions. The USD(C) retains the authority to accept all monetary contributions. Monetary contributions are not generally accepted with restrictions, i.e., with designations for specific programs or purposes.

A. Contributions in Cash

1. Cash contributions, including proceeds from the sale of any contributed property, shall be deposited to the Defense Cooperation Account (DCA) as soon as practical, but not later than the last day of the month.

2. Consistent with sound cash management practices, any cash accepted, under USD(C) authority, shall be either converted into a check and forwarded to the DFAS using overnight delivery service, or deposited into a Treasury General Account with funds transferred to the DCA via electronic funds transfer--whichever process results in the earliest deposit of funds into the DCA.

3. Any funds forwarded by electronic funds transfer shall be deposited within 24 hours into the DCA under ALC 9720010 and Account Number 97X5187.1. Additionally, DFAS-ADGT/DE shall be notified prior to forwarding any funds electronically.

4. Documentation associated with cash contributions, including copies of deposit tickets, and the original of correspondence from contributors shall be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS, ATTN: DFAS-ADGT/DE, Investment Trust Directorate, 6760 E. Irvington Place, Denver, CO 80279.

B. Contributions by Check

1. Checks received by DoD officials shall be made payable to the "United States Treasury." The reference line on the check should indicate the "Defense Cooperation Account."

2. Checks received by DoD officials shall be forwarded to the DFAS at the address in paragraph 030302.A.4, above. The DFAS shall deposit such funds within 24 hours of receipt into the DCA under ALC 9720010 and Account Number 97X5187.1.

3. Documentation associated with check contributions, including the original of any correspondence from contributors shall be forwarded with the check.

C. Contributions by Wire Transfer

1. Contributions by wire transfer eliminate delays in receiving deposits and provide the most efficient preliminary accounting information for investment purposes.

2. After approval by the USD(C), donors may make contributions to the DCA via electronic funds transfer from commercial banks to “Account Number 1” in the Federal Reserve Bank of New York (as Fiscal Agent of the United States). The Federal Reserve Bank of New York shall credit the Department accordingly, using the format in Figure 3-1.

3. Documentation associated with wire transfer contributions, including the original of any correspondence from contributors shall be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS at the address in paragraph 030302.A.4, above.

D. Contributions in Foreign Currencies (Cash or Check). Upon notice of a planned large contribution (\$1 million or more) to be made in foreign currency the cognizant DoD official shall:

1. Request the donor provide as much lead time as possible regarding the amount of the contribution and the estimated date the contribution will be made.

2. Advise the USD(C) and DFAS-ADGT/DE of any planned contributions and continue to keep that office advised of the status until the currency transfer is made by the donor.

3. Upon approval by the USD(C), request the donor credit the foreign currency contribution to the Federal Reserve Bank of New York “Account Number 1” via the donor’s central bank. If the Federal Reserve Bank does not maintain an account with a particular donor, the DoD official should seek guidance from the DFAS-ADGT/DE, for appropriate alternative arrangements.

4. Foreign checks received by DoD officials shall be converted to a check denominated in U.S. dollars prior to being forwarded to the DFAS or transferred electronically into the DCA.

5. Cash and checks received by DoD officials in countries not served by a DoD disbursing officer shall, upon approval by the USD(C), be delivered to the nearest U.S. Embassy within 24 hours of receipt for deposit in the DCA, under ALC 97200010 and Account Number 97X5187.1.

0304 ACCOUNTING FOR CONTRIBUTIONS

030401. Cash entries. Entries for the receipt and distribution of cash contributions or donations to the DCA are shown below.

A. Cash contributions received.

1. Budgetary entry.

Debit 4114 Appropriated Trust or Special Fund Receipts
Credit 4620 Unobligated Funds Not Subject to Apportionment

2. Proprietary entry.

Debit 1010 Fund Balance with Treasury
Credit 5600 Donated Revenue-Financial Resources

B. Budgetary entry at year-end.

Debit 4201 Total Actual Resources-Collected
Credit 4114 Appropriated Trust or Special Fund Receipts

C. Cash allocated to a program

1. Budgetary entry.

Debit 4620 Unobligated Funds Not Subject to Apportionment
Credit 4129 Amounts Appropriated from Specific Treasury-
Managed Trust Fund-TAFS-Transfers-Out

2. Proprietary entry.

Debit 5765 Nonexpenditure Financing Sources–Transfers-Out
Credit 1010 Fund Balance with Treasury

030402. Nonmonetary entries for assets or services. The entries below are made after accepting goods and PP&E or services:

A. Contributed assets.

1. No budgetary entry.

2. Proprietary entry.

| | |
|-------------|---|
| Debit 1511 | Operating Materials and Supplies Held for Use |
| Debit 1525 | Inventory – Raw Materials |
| Debit 1527 | Inventory – Finished Goods |
| Debit 1572 | Stockpile Materials Held for Sale |
| Debit 1591 | Other Related Property |
| Debit 1711 | Land and Land Rights |
| Debit 1730 | Buildings, Improvements and Renovations |
| Debit 1740 | Other Structures and Facilities |
| Debit 1750 | Equipment |
| Debit 1820 | Leasehold Improvements |
| Debit 1830 | Internal Use Software |
| Debit 1840 | Other Natural Resources |
| Debit 1890 | Other General Property, Plant and Equipment |
| Credit 5610 | Donated Revenue – Nonfinancial Resources |

B. Contributed services.

1. No budgetary entry.
2. Proprietary entry.

| | |
|-------------|--|
| Debit 6100 | Operating Expenses/Program Costs |
| Credit 5010 | Donated Revenue – Nonfinancial Resources |

0305 REPORTING ON CONTRIBUTIONS

030501. Not later than 10 days after the end of each quarter, each DoD official that has accepted and received a nonmonetary contribution shall submit a report to the DFAS at the address in paragraph 030302.A.4, above, that identifies the following:

A. Nonmonetary Contributions Received

1. A description of each item received.
2. The value of each item received, including the valuation method used.
3. The name of the contributor for each item received.
4. The date each item was received.
5. Details of any restrictions, conditions or other relevant information regarding each contribution.

6. Expected useful life of the contribution.

7. If two more like items are received from different sources the items are to be accounted for separately to permit identification of items received.

B. Nonmonetary Contributions Sold

1. A description of each item sold.

2. The proceeds of each item sold. Also include in report the disposition of the funds received. Funds should be forwarded or deposited with DFAS and credited in the DCA consistent with 10 U.S.C. 2608(b)(2).

3. The name of the contributor for each item sold.

4. The date each item was sold.

5. The name of the purchaser for each item sold.

6. If two or more like items are received from different sources the items are to be accounted for separately to permit identification of items when sold.

7. Details of any other relevant information regarding each item sold.

C. Monetary Contributions Received

1. The dollar amount of each contribution.

2. Name of the donor for each contribution received.

3. The date each item was received.

030502. Not later than 15 days after the end of each quarter, the DFAS shall prepare and forward to the USD(C) a report to be submitted to the Congress that provides the following information.

A. Summary values of monetary and nonmonetary contributions accepted during the quarter.

B. A description of all property valued at more than \$1 million. In determining whether the \$1 million threshold has been met, the following procedures shall be used:

1. The value of similar items accepted during the quarter shall be added together.

2. The value of components which, if assembled, would comprise all or a substantial portion of an item or facility shall be added together.

0306 INVESTING CONTRIBUTIONS

030601. General. Consistent with good cash management practices, funds in the DCA shall be invested in Government securities until distribution is authorized. Generally, investments are limited to U.S. Treasury bills maturing in 90 days or less.

030602. Purchasing Government Securities. The DFAS shall follow the procedures below for purchasing Government securities.

A. Daily, after all contributions and other transactions have been entered into the DCA, generate a Pre-closing Trial Balance.

1. Verify the amount in account 1010, Fund Balance with Treasury, with the amount entered in the Cash Book for the same day.

2. Research and correct any differences between account 1010 and the Cash Book immediately.

B. A security investment can be purchased if account 1010 has a balance sufficient to purchase a \$10,000 Treasury bill or a \$1,000 U.S. Treasury note or bond. Information on prices, maturities, and yields of U.S. Treasury securities generally can be found in the financial section of major newspapers.

C. Select a U.S. Treasury security from those available.

D. Input the following information into the Treasury's FedInvest system or other appropriate system:

1. Account: Defense Cooperation Account
2. Transaction Type: Purchase
3. Transaction Date: (Date the security will be purchased)
4. Type of Security: (Specify)
5. Date of maturity: (Specify)
6. Amount: (Amount available in account 1010, Fund Balance with Treasury)

E. The day after the transaction, review the FedInvest system or other system as appropriate to obtain the face amount, discount or premium, interest purchase (if any), and the price of the security purchased. Record the above information in the Trust Fund Accounting System (TFAS).

1. Complete the coordination section of the Memorandum for Purchase or Sale of Investments.

2. Complete the Purchases Input Worksheet and update the DCA system. Once this has been accomplished, a person other than the one making input must sign the Purchase Input Worksheet confirming that the DCA was updated for the Purchase.

F. Once the above has been accomplished, a person other than the individual making the input needs to review the data in the TFAS and the DCA to ensure that the systems have been properly updated.

030603. Selling Securities. The DFAS shall follow the procedures below to sell Government securities.

A. The Office of the Deputy Comptroller (Program/Budget) will determine the amount needed for payment or transfer. The Fund Manager, DFAS-ADGT/DE, normally shall sell securities to cover the amount needed if no securities mature on that day or contributions are not received. The decision as to which securities will be sold will depend on current economic conditions.

B. Select a security or securities for sale.

C. Input the following information into the Treasury's FedInvest system or other appropriate system:

1. Account: Defense Cooperation Account
2. Transaction Type: Sale
3. Transaction Date: (Date security will be sold)
4. Type of security: (Specify)
5. Interest Rate: (Enter applicable rate only if Notes or Bonds are sold)
6. Date of maturity: (Specify)
7. Amount: (Minimum amount of proceeds from the sale required to cover any projected negative amount in account 1010)

D. If needed, obtain the principal amount and interest earned from the FedInvest or other appropriate system.

E. Update the TFAS with DCA activity.

030604. Maturing Securities. The DFAS shall maintain a tracking system that identifies impending maturities and collections of securities for the DCA and ensure appropriate reinvestment action is taken upon maturity of a security.

030605. Payments or Transfers. Payments or transfers from the DCA must be authorized by the Congress. The USD(C) will provide withdrawal notification to the DFAS which shall ensure appropriate action is taken.

030606. Annual Reviews. The DFAS will conduct an annual review of the DCA operations and transactions, including the purchase and sale of investments. The objective of the review will include compliance with the DoD and the Treasury policies and procedures, and adequacy of internal controls.

SAMPLE FORMAT
WIRE TRANSFERS TO THE U.S. TREASURY

The sample format for wire transfers for credit to U.S. Treasury Defense Cooperation Account (remaining blocks to be filled by the sender or the sending bank, in accordance with the attached wire transfer instructions) is as follows:

I _____ I
 (1) (2)
I 021030004 I _____ I
 (3) (4) (5)
I _____ I _____ I _____ I
 (6)
I _____ / _____ I
 (7) (8)
I TREAS NYC I CTR I
 (9) (10)
IBNF=/AC-97200010 I OBI=to the Defense Cooperation Account I
 (10)
I(Acct. No. 97X5187.1) for Programs, Projects, and I
 (10)
I Activities from (name of donor) _____ I

FIGURE 3-1

MONETARY CONTRIBUTIONS BY WIRE TRANSFER INSTRUCTIONS

The following is a guide for completing the funds transfer form (Figure 3-1) which should be available at the sending financial institution.

1. RECEIVER DEPOSITARY FINANCIAL INSTITUTION (DFI) No. The Treasury Department's American Bankers Association (ABA) number for deposit messages is 021030004. This number shall be entered by the sending bank for all deposit messages sent to Treasury for credit to the Defense Cooperation Account.
2. TYPE-SUBTYPE CODE. The type and subtype code is provided by the sending bank.
3. SENDER DFI NO. This number is provided by the sending bank.
4. SENDER REFERENCE NO. The sixteen (16) character reference number is inserted by the sending bank at its option.
5. AMOUNT. The transfer amount shall be in U.S. dollars and must be punctuated with commas and a decimal point; use of the dollar sign is optional.
6. SENDER DFI NAME. This information is automatically inserted by the Federal Reserve Bank.
7. RECEIVER DFI NAME. The Treasury Department's name for deposit messages is "TREAS NYC." The name should be entered by the sending bank.
8. PRODUCT CODE. A product code of "CTR" for customer transfer should be the first data in the RECEIVER - TEXT field. Other values may be entered, if appropriate, using the ABA's options. A slash must be entered after the product code.
9. AGENCY LOCATION CODE (ALC). The agency location code is of critical importance and must appear in the precise manner stated to allow for automated processing and classification to the ALC of the Department of Defense. The sequence includes the beneficiary code tag (BNF) and indicator code (/AC) followed by the Defense Department's eight (8) digit ALC (97200010) for this account. The ALC identification sequence can, if necessary, begin on one line and end on the next line. However, the field beneficiary code tag (BNF) must be one line and cannot contain any spaces.
10. THIRD PARTY INFORMATION. The reason for the funds transfer should appear in this field. The originator-to-beneficiary information field tag (OBI=) is used to signify the beginning of free-form text. An example follows: BNF=/AC-97200010 OBI=to the DCA(97X5187) for defense programs, projects, and activities from (Name of Donor).